

RECYCLING PROMOTION AND ASSISTANCE FUND



INTRODUCTION

The Indiana Recycling Promotion and Assistance Fund (RPAF) promotes and assists recycling throughout Indiana by focusing economic development efforts on businesses and projects that will use non-hazardous secondary materials in their manufacturing operations. Successful expansion of markets for secondary materials will support increased recycling activities, helping the state reach its waste-reduction goal of 50 percent. The RPAF is administered by the Indiana Department of Commerce's Energy Policy Division (EPD) and operates under the auspices of the Recycling and Energy Development Board (REDB). The REDB was authorized in 1990 to provide loans for establishing or expanding existing recycling businesses or retrofitting manufacturing operations to recycle secondary materials. The RPAF is coordinated with a wide variety of other economic development financing programs available through the State of Indiana. RPAF loans are available for the acquisition and installation of equipment or machinery employed for the purpose of recycling secondary materials.

ELIGIBILITY

Eligibility for this zero-interest loan program is limited to businesses that operate in the state of Indiana or will operate in the state as a result of the project. All projects must occur in Indiana; be based on a technology that has been demonstrated beyond the research stage; be technically feasible for full-scale operation; and comply with all applicable environmental, safety and legal regulations. Commercially proven projects are preferred.

Eligible projects include those resulting in:

- The final processing or conversion of secondary (recyclable) materials into industrial feedstock; or
- The manufacture of products from those feedstocks. Secondary materials include post-consumer materials (i.e., business and household products that have served their intended end uses and have been separated from the waste stream for purposes of recycling), industrial scrap materials, and overstock and obsolete inventories. This does not include materials and byproducts generated from, and commonly reused within, an original process (such as mill broke or home scrap).

Eligible costs include the purchase of specialized manufacturing equipment and machinery or the conversion of existing equipment and machinery for the manufacturing of products that contain recycled materials or final processing of secondary materials. Equipment costs may include installation and other equipment preparation expenses, but they cannot exceed 10 percent of the total loan request.

To be eligible for funding under the Recycling Promotion and Assistance Fund, the capital costs must be directly related to the eligible project and essential to accomplishing the objectives of the project.

Ineligible costs include, but are not limited to: secondary material collection costs (such as balers or trailers); personal services; consulting fees and travel; land and site improvements; buildings; licenses or permits; legal costs; working capital; office equipment, including computers; and indirect or overhead expenses.

Note: Only costs incurred after the execution of the loan agreement are eligible for funding.

PROJECT EVALUATION

Each project application will be evaluated in terms of the Recycling Promotion and Assistance Fund objectives. The REDB is particularly interested in projects that expand Indiana's recycling business base while building markets for the materials collected through Indiana's local programs.

Other points to be considered in determining whether to fund a project include:

- ♻️ **Amount of material diverted from Indiana landfills.**
- ♻️ **Type of secondary material.** The Indiana Department of Commerce has established a secondary-material priority list that emphasizes, but is not limited to, promoting markets for paper, plastics, wood, tires and other problem wastes. Research has indicated that these are the major categories in which the State's influence is most needed.
- ♻️ **Project technical feasibility.**
- ♻️ **Project economic feasibility and applicant's ability to repay.**
- ♻️ **Applicant's commitment to the project and ability to carry it out.**
- ♻️ **Market analysis and market potential for end product.**
- ♻️ **Commitments for other elements of the financing package.** Loans will be closed only after written commitments from other funding sources have been received.
- ♻️ **Need for assistance.** The applicant's need for the assistance requested will be evaluated in light of such factors as the size of the project in relation to income and assets of the company and the availability of financing from other sources.
- ♻️ **Energy conservation benefits of the project.**
- ♻️ **Contribution to state economic development goals, such as:**
 - ♻️ **Job creation, job retraining and skills development**
 - ♻️ **Capital investment in the state**
 - ♻️ **Increasing the productivity and competitiveness of Indiana's workforce**
 - ♻️ **Revitalizing distressed regions and communities**
 - ♻️ **Improving the ability of Indiana's businesses to compete effectively in national and world markets**

LOAN PARAMETERS

The maximum loan available per applicant is \$500,000 or 50 percent of the total **eligible** project costs, whichever is less. Loans will be made in conjunction with private-sector lending sources, equity from owners or investors, or other private sources. The REDB expects all applicants to bear the financial risk of the proposed project. All loan agreements must be secured with lien position of the asset being financed and the company guarantee. In addition, personal guarantees and other collateral may be required. Loans will have a repayment period of no greater than seven years or the life of the asset, whichever is less. Repayment terms will depend on the particular characteristics of the project. The interest rate for the incentive financing will be zero percent. An investment of approximately 10 percent of true equity will be required in every project.

Note: The state's share of any project costs is subject to availability of funds.

EVALUATION PROCEDURE

The Energy Policy Division serves as staff for the REDB and will review each eligible project application that is received. Projects will be evaluated in terms of the program objectives. Final approval of project funding will be made by the Recycling and Energy Development Board. **Only complete applications are eligible for financial assistance.** Deficiencies in project applications or business plans will delay review and could disqualify the project from the current review cycle. In addition to the required information, both the REDB and the EPD reserve the right to request from the applicant additional information that will further clarify any aspect of the project.

LOAN AGREEMENT

A decision by the REDB to fund a project is an agreement in principle and not a final commitment to expend funds. A formal contract, which will establish the terms of the loan and other conditions needed to manage the loan, must first be negotiated by the recipient and the EPD. The finalized contract then undergoes the state signatory process, which can take an **additional six to eight weeks** before a successful applicant can receive funding. RPAF recipients are subject to program monitoring and must agree to provide the following information at a minimum: financial statements pertaining to the project for which funding was provided; purchase records that demonstrate the volume of secondary materials and other feedstock consumed in the project; and sales records that demonstrate the quantity of recycled end-products sold. In addition, successful applicants must agree to provide the EPD access to manufacturing facilities for which funding was provided for on-site monitoring visits.

APPLICATION PROCESS

Application for financial assistance under the Recycling Promotion and Assistance Fund involves three steps:

1. Interested applicants must first submit a proposal letter (no longer than four pages) to the Indiana Department of Commerce outlining the proposed project. Proposal letters are due 12 weeks before REDB meetings and must include the following information:

- ♻️ description and location of the project
- ♻️ approximate amount of RPAF funding requested
- ♻️ total project cost
- ♻️ other sources of funding and applicant contribution
- ♻️ equipment to be funded
- ♻️ type and approximate amount of recyclable material the project will utilize annually
- ♻️ number and type of new jobs the project will create, and wage levels

2. The EPD will review each proposal letter to ensure compliance with program guidelines and to determine if the project will be competitive for funding given available resources.

3. If approved, the EPD will invite applicants to submit a formal application, which must be submitted attached to a complete business plan. Unsolicited applications will not be reviewed.

In order to assure adequate review time, deadlines for submitting applications occur approximately six weeks before each board meeting. Once an application has been thoroughly evaluated, the REDB must approve the project prior to funding. Board meetings are held four times each year, typically in February, May, August and November.

Confidential Information
To the extent feasible and permissible by law, the Indiana Department of Commerce (IDOC) will honor an applicant's request that confidential information submitted to IDOC remain confidential. The IDOC will treat information as confidential only if: (1) the information is in fact protected confidential information such as trade secrets or privileged or confidential commercial or financial information, (2) the information is specifically marked or identified as confidential by the applicant, (3) the information is segregated and placed in a separate appendix to the application, and (4) no disclosure of the information is required by law or judicial order. If the application results in a loan, the honoring of confidentiality of identified data shall not limit IDOC's right to disclose general project information (not proprietary information) and results to the public. Each and every page containing proprietary data must be clearly identified and marked CONFIDENTIAL.

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